

TERRACOM, INC., YOURTEL AMERICA, INC.

Application to Participate in the Broadband Lifeline Pilot Program

YourTel America, Inc. and TerraCom, Inc. Joint Broadband Pilot Team

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Company Information

Both YourTel America, Inc. and TerraCom, Inc. are long standing ETCs in many jurisdictions throughout the United States, with YourTel having been founded in 1995 and TerraCom in 2004. YourTel America, Inc. (FRN #0008410409) is an affiliate of TerraCom, Inc. (FRN #0010103745). YourTel America is an ETC in Kansas (Wireless SAC 419022) and Oklahoma (Wireless SAC 439042). TerraCom is an ETC in Oklahoma (Wireless SAC 439043) and Texas (Wireless SAC 449064).

Both companies have a long history of providing services to Low-Income consumers, through both wireline and wireless technologies, and have made substantial investments both in the communities they serve as well as in facilities to augment and employ the underlying networks of their partners to meet the sole purpose of offering a superior service to their end users.

Both companies have long sought an answer to the lack of affordable and attainable broadband for low-income consumers and look forward to learning how to better serve their customers through involvement in the Broadband Pilot program. Together the companies have formed a joint Broadband Pilot Team ("BPT") to enable this participation.

Purpose

The BPT strives to align its purpose with that of the Broadband Pilot Program, which is to "gather high-quality data that will help identify effective approaches to increasing broadband adoption and retention by low-income consumers."

Goal

The trial will identify which consumers will purchase and retain broadband service with subsidy verses without a subsidy. This trial will test three data plans , two modes of broadband stand-alone service and Smartphone data access.

Geographies

The BPT will gather data in communities in the following states:

- Oklahoma
- Texas
- Kansas

Subscriber data will come from rural and urban locations.

Subscriber data will come from Tribal lands as well as non-Tribal lands.

Technologies

The BPT will use existing customer management software and hardware to gather and process data. The broadband service offering will utilize the 3G technologies of underlying carriers in conjunction with the companies' existing facilities to control and manage the data sessions and usage.

Test Design and Execution

Details

The below information outlines the planning, execution, and findings reporting strategy.

Planning

Senior management recruited a team from the companies' Quality/Revenue Assurance and Regulatory Departments to undertake the planning and execution of the Broadband Pilot Program. The BPT met with senior management and staff to discern the potential

strains and limitations of the various departments within the firm. The BPT then crafted a strategy to leverage existing capabilities while keeping potential additional costs to a minimum. Below is the outline of the agreed upon strategy.

Execution

The Federal Communications Commission ("Commission") has allowed ETC's three months to put their back-office support systems in place. The back-office support involves the following departments:

- Customer Service Department
- Technical Support Department
- Lifeline Eligibility/Verification Department
- Processing Department
- Payments/Collections Department
- Quality/Revenue Assurance Department
- Sales/Marketing Department
- Regulatory Department
- Accounting Department
- Information Technology Department

Each department will have one or more subject matter experts (SME's) recruited to handle any and all issues related to the Pilot Program. SME's will report to the BPT who is responsible for corporate communication efforts and Program execution.

The BPT will ensure the following steps are executed:

1. The BPT will first create digital warehouses to store trial-specific data. This will be finished in four weeks as the demographic parameters have already been decided. It will then be tested during the following six weeks to ensure it is functioning accurately.
2. All customer service staff will be trained and equipped to support customers with general and technical questions, describe the Pilot Program goals and scope, be conversant in the laws regarding Lifeline and the Broadband Pilot Program, and other pertinent processes and procedures they will need to confidently do their jobs. The firm's existing Training Department will work with the BPT to ensure delivery of accurate information. Training will take two weeks with bi-weekly follow-up meetings leading up to the Pilot Program roll-out.
3. The BPT will work with Connected Nation to provide online digital literacy training for all participants in the program.
4. All marketing materials will be produced and prepared for dissemination to potential market areas. The BPT will rely on current vendor relationships to print all necessary materials. The BPT will allow three weeks for this process to complete.
5. The Lifeline Department will work in concert with the Regulatory and Quality/Revenue Assurance Departments to ensure the firm is observing consumer eligibility and enrollment procedures as detailed in Section VI and Appendix C of the *Lifeline Reform Order and FNPRM*. BPT teammates will coordinate with SME's in the aforementioned departments to ensure trial applicants are receiving and providing all disclaimers and disclosures required by law.

Procedural framework will be developed in two weeks and fine-tuned as other processes are developed and implemented.

6. The BPT will work with other relevant departments to outline random assignment protocol.

Analysis of Field Experiment with Control Groups

The BPT will collect the following demographic information:

- Gender
- Age
- Income Level
- Occupation
- Marital Status
- Family size
- Education Level
- Ethnicity
- Nationality

The BPT will collect the following Internet usage information:

- Usage frequency (hours/week)
- Usage reasons
- Digital literacy level and usage capabilities

Strategy to Inform Commission Concerning Broadband Service Variation Impacts

A BPT member will be assigned as liaison between the BPT and Commission.

Test Subject Randomization Strategy

1. The test group will consist of 6,000 participants, with 2,000 per state. All applicants will apply for the program, choose whether they want a smartphone or a data card and will be randomly selected to receive, on a per month basis, either no subsidy, a \$10 subsidy, a \$20 subsidy or a \$40 subsidy. Applicants can elect to change their service plan once the random subsidy has been allocated.
2. Random assignment will occur as follows:
 - a. The customer will apply to participate in the program.
 - b. The BPT will use the applicant's physical address to place them in either Group A (Control Group) or Group B (Subsidized Group). Applicants whose first number in their address is even will be placed in Group A and those with odd first numbers in their address will be placed in Group B.
 - c. For those placed in Group B, customers will be assigned a subsidy amount (not to exceed their rate plan payment) by using the last digit in their zip code. If the customer's zip code ends in a 1, 2, or 3 that customer will receive the \$10 Plan. If the customer's zip code ends in a 4, 5 or 6 they will receive a \$20 Plan. If the customer's zip code ends in a 7, 8,

9, or 0 that customer will be placed in a \$40 plan. If the customer chooses a plan lower than the amount they should be placed in, they will be given the option to change to the higher data plan if they wish. If they choose not to, the subsidy amount will be adjusted to match their choice.

- d. Customers will pay the difference between their choice and the amount of subsidy they receive.
3. Group A (Control Group) will consist of 1500 participants (500 from each state) who are existing or new eligible Lifeline subscribers that do not receive a subsidy.
4. Group B10 (\$10 group) will consist of 500 participants from each state who will receive a \$10 subsidy.
5. Group B20 (\$20 group) will consist of 500 participants from each states who will receive a \$20 subsidy.
6. Group B40 (\$40 group) will consist of 500 participants from each states who will receive a \$40 subsidy.

We anticipate a high price sensitivity and a low retention for Group A, a preference for smartphones in some demographic groups and a data card in other demographic groups.

Strategy to Mitigate Statistical Bias

Two primary forms of statistical bias exist in this study, voluntary response bias and measurement error bias. Voluntary response bias occurs when sample members are self-selected volunteers. The BPT will be asking eligible consumers to volunteer for this trial and will not be forcing consumers to participate. The BPT, however, will mitigate voluntary response bias by randomly assigning consumers in a generic, unconditional way. Assigning even-numbered addresses to the Broadband Subsidy Group and odd-numbered addresses to the Control Group will reduce the likelihood that applicants' responses to survey questions will place them in one group over the other. The second bias threat is measurement error bias. A poor measurement process can lead to bias. The measurement process includes the environment in which the survey is conducted, the way questions are asked, and the state of the survey respondent. The BPT will mitigate this threat by recruiting knowledgeable and experienced staff to the BPT, giving them the tools and time necessary to conduct the study accurately, and receiving samples from multiple states. Placing experienced and knowledgeable staff in charge of the Program and spreading sampling size to multiple locations ensures threats of bias are reduced and test results can be trusted and validated.

Strategy to Obtain Sufficient Sample Size

The BPT will first leverage its customer base in Oklahoma, Kansas, and Texas to reach potential participants. Additionally, the BPT will utilize its marketing/sales department to reach new customers. BTP will ensure the SME/s in the marketing/sales department (as well as all contiguous departments) are conversant in the regulations and eligibility criteria so that the BPT can be in compliant throughout the process.

Strategy to Collect Standardized Data for USAC

The BPT will store participant data in its existing customer management system and will export that data regularly for analysis. It can easily export and submit that data in virtually any electronic form (Batch Upload, FTP, E-Mail, etc.).

Decision to Collect Additional Consumer Data

Through surveys the BPT will collect additional consumer information regarding Internet usage. Data will be collected on:

- Usage frequency (hours/week, etc.)
- Digital literacy level (Novice to Advanced Internet usage capabilities)
- Usage reasons (job searches, recreational browsing, educational purposes, shopping, etc.)

Partners for Pilot Project

The BPT will partner with Connected Nation for online digital literacy training.

Broadband Speeds

The following service data plans (3G) will be offered:

- 250 megabyte plan for \$10/month
- 500 megabyte plan for \$20/month
- 1 gigabyte plan for \$40/month

All plans will have a built-in 30-day expiration date for unused data.

Monthly Discount Amount Needed

As defined above, the subsidy will vary by group at either \$10, \$20 or \$40. Subsidy requirements will be as follows for the 12 months of the trial:

Month	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
Subsidy Revenues	\$ -	\$ -	\$ -	\$49,500.00	\$63,000.00	\$72,000.00	\$76,500.00	\$ 81,000.00

Month	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Total
Subsidy Revenues	\$83,700.00	\$86,400.00	\$88,200.00	\$90,000.00	\$90,000.00	\$90,000.00	\$90,000.00	\$ 960,300.00

This will account for the 3,000 participants in the Subsidized Group.

Total Funding Amount

The BPT needs \$960,300.00 in subsidy amounts total.

Marketing Strategies for Reaching Non-Broadband, Low-Income Consumers

The BPT will contact existing customers in the study areas to offer broadband service. New customers will be reached through existing marketing channels such as billboards, radio/television advertisements and through use of local company representatives and storefronts.

Customer Support Strategy

The BPT will assign a special broadband team committed to the following:

- General customer service
- Technical assistance
- Data collection for the study
- Information dissemination if/when necessary to reach out to broadband customers

Addressing Barriers to Broadband Adoption

Digital illiteracy is a primary deterrent to broadband adoption in some demographics. This potentially places some consumers at a strong disadvantage since many resources such as job postings and entrepreneurial opportunities exist only on the Internet. To lower this barrier, the BPT will use Connected Nation's digital literacy tools and materials aimed at basic Internet education.

Digital Literacy

The BPT will work in collaboration with Connected Nation, a non-profit organization aimed at accelerating technology availability in underserved regions of the United States. Connected Nation will offer its online training resources to participants at no cost to either the BPT or the participant.

Free or Discounted Hardware

For Group A participants, applicants will use their existing YourTel or TerraCom Smartphones. Should it be necessary to take applications from new customers they will be provided a Smartphone at no charge. Applicants from Group B will be given free data devices.

Compliance

The BPT's BPT will work closely with its Regulatory department to ensure compliance with consumer eligibility and enrollment procedures as detailed in section VI and Appendix C of the *Lifeline Reform Order and FNPRM* as well as any other applicable regulations. During the first four weeks of the Program roll-out, BPT will take samples of test subjects and ensure their application process was executed as directed.

Strategy to Transition Broadband Subscribers after the Trial Period

The BPT will offer existing Broadband Subscribers a service plan without the subsidy. Data regarding retention of these existing customers will be collected and tracked.

Certificates by Officer

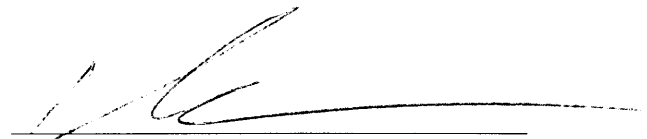
Under penalty of perjury, the Officer of the joint Companies, YourTel America, Inc. and TerraCom, Inc., proclaims the following:

That the joint Companies intends to offer broadband service pursuant to the Commission's rules and regulations for the Lifeline program;

That the joint Companies will implement all necessary procedures and efforts to prevent waste, fraud and abuse in connection with its participation in the Pilot Program, including but not limited to procedures that the joint Companies will have in place to prevent duplicate broadband subsidies within its subscriber base, and procedures the carrier undertakes to de-enroll subscribers receiving more than one broadband discount per household;

That the joint Company's broadband service offering(s) will provide sufficiently low latency to enable use of real-time applications such as Voice over Internet Protocol (VoIP) and if there are usage limits for each plan, that they are reasonably comparable to usage limits for comparable broadband offerings in urban areas; and

That the joint Companies will participate in the collection and sharing of anonymized qualitative and quantitative data with standardized data elements, formatting, and submission requirements, and that the ETC will participate in workshops to discuss interim and final results of the project, and how best to use limited universal service funds to increase low-income consumers' adoption of broadband services.



Dale Schmick
Vice President